



# ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Community Bancshares, Inc. and First Community Bank, N. A., its wholly-owned subsidiary bank

Person to be contacted regarding this report:	David Brown Chief Financial Officer
CPP Funds Received:	\$41,500,000
CPP Funds Repaid to Date:	\$41,500,000
Date Funded (first funding):	11/21/2008
Date Repaid <sup>1</sup> :	7/8/2009

RSSD: (For Bank Holding Companies)	1478017
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	13012
City:	Bluefield
State:	Virginia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	To support our communities, we originated \$260 million in new and renewed loans for the first half of 2009, roughly the period during which the Treasury held the investment.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>We saw significant new loan production in all areas, but the greatest were residential mortgage loans, commercial mortgage loans, and commercial and industrial loans, with new loan production of \$16 million, \$19 million, and \$11 million, respectively.</p>
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>To aid in the liquidity of the mortgage markets, we purchased \$123 million of mortgage-backed securities during the first six months of 2009.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	Although we have acquired two banks over the past 15 months, neither acquisition was completed with CPP funds. The first of these was committed to and closed prior to the Treasury funding its investment, and the second closed subsequent to the redemption of the CPP investment.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Like many other CPP recipients, the capital infusion allowed us to continue lending and supporting the communities we serve. Without excess capital, many institutions have had to curtail lending efforts.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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